

WASHINGTON, D.C. – Yesterday, President Bush signed into law historic student aid legislation, the College Cost Reduction and Access Act. The bill, a major component of the Democratic leadership's legislative agenda, passed by overwhelming bipartisan majorities in both the House and Senate on September 7. Representative Xavier Becerra (CA-31), Assistant to the Speaker of the House and the only congressional member from Southern California on the Ways and Means Committee, voted for the bill.

"Today we are making a critical, overdue investment in our future," Rep. Becerra said shortly after the bill was signed in to law. "For too long we stood by as the cost of college soared and the American dream moved further out of reach for too many families. This investment not only restores access to the American dream for millions of aspiring college students, it ensures that our future workforce will be better equipped to compete in the global economy."

"This legislation saves college students an average of \$4,400 on student loans by cutting the interest rate in half, increases the number and purchasing power of Pell Grants, and forgives loans for those who provide 10 years of public service," Rep. Becerra said. "It is the single largest investment in college financial assistance since the GI Bill in 1944, at no new cost to U.S. taxpayers. The Democratic leadership in Congress promised to make college more affordable for all Americans and today we delivered on that promise."

The College Cost Reduction and Access Act will boost college financial aid by more than \$20 billion over the next five years – which includes boosting financial aid by \$3,034,928,000 for California college students. The bill pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$20.9 billion. It also includes \$750 million in federal budget deficit reduction.

To reduce the cost of loans for millions of student borrowers, the legislation will cut interest rates in half on need-based student loans, from 6.8 percent to 3.4 percent over the next four years. Once fully phased in, this will save the typical student borrower – with \$13,800 in need-based student loan debt -- \$4,400 over the life of the loan. The 228,489 California students who take out need-based loans at four-year public colleges and universities each year will benefit from this interest rate reduction.

In a critical step to expand access to college, the bill will also increase the maximum Pell Grant

scholarship by \$490 in 2008 and by \$1,090 over the next five years. This will restore the purchasing power of the Pell Grant – raising the scholarship from \$4,050 in 2006 to \$5,400 by 2012, benefiting the 574,226 students in California who receive Pell Grants. Seventy four percent of Pell Grant recipients have family incomes below \$30,000.

In addition, the legislation will prevent students from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 25 years.

The College Cost Reduction and Access Act also includes a number of other provisions that will ease the financial burden imposed on students and families by the cost of college, including:

- Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools;
- Loan forgiveness after 10 years of public service and loan repayment for college graduates that go into vital public service jobs; and
- Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and other minority serving institutions.

“In 1944 President Franklin Roosevelt signed the GI Bill into law enabling 7.8 million veterans of World War II to get a college education. This investment resulted in the creation of a vibrant American middle class that has lasted two generations,” Rep. Becerra said. “Today we made another important investment in the future of our country.”

### [BECERRA.HOUSE.GOV](http://BECERRA.HOUSE.GOV) ###